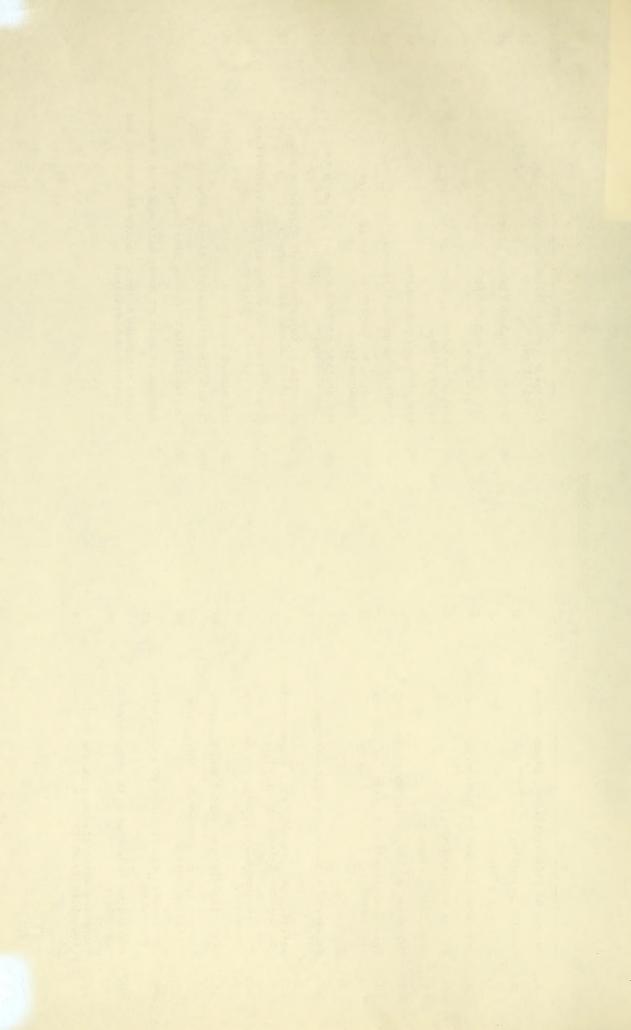
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Item	Present Law	House Bill	Senate Amendment	Conference Action
Refund of 1976	None	Provides a \$50 refund of 1976 No provision.	No provision	
individual income		individual income taxes for		
taxes.		each taxpayer and dependent.		
(Secs. 101, 102,		Phaseout between \$25,000 and		
103 and 104 of		\$30,000 of adjusted gross		
the House bill.)		income,		

Effective date. -- Date of enactment.

Revenue effect. --In fiscal year 1977, revenue loss of \$8.6 billion, of which \$1.3 billion represents refunds in excess of tax liability.

Provides a \$50 payment to beneficiaries of social security, SSI, railroad retirement, state-supplements to SSI, black lung, VA pensions and compensation and AFDC.

None

Special payments.

2

(Secs. 111, 112 and 113 of the House bill.)

No provision.

Prohibition of double payments, except between AFDC and tax refund and under waiver by Secretary of the Treasury where elimination of double payments would delay payments unduly.

Effective date. -- Date of enactment.

Revenue effect, --Outlays of \$1,8 billion in fiscal year 1977,

	Standard deduction set at	Increases the present standard deduction to a	The standard deduction is 16 percent of AGI with a minimum of	rd deduc-
Conference Action	Senate Amendment	House Bill	Present Law	

nition of taxable in tax rates and conforming changes in the defiin the standard reflect change tax tables to deduction and tion: change Standar income,

Item

202 of the House 201 and (Secs. bill.)

(Secs. 101 and 102 of Senate bill.)

and married taxpayers, respectively. \$1,700 and \$2,100 and a maximum of \$2,400 and \$2,800 for single treated as single persons. Heads of households are

first dollar of taxable income. and look up tax before credits in a tax table. The tax rates compute their taxable income begin at 14 percent on the Taxpayers with taxable income of \$20,000 or less

flat amount of \$2,400 for single persons and \$3,000 standard deduction to a for joint returns.

No provision,

Simplification of returns:

and number of exemptions with the general tax credit built Bases the tax table on AGI

table" income. (Conforming Code references to taxable excess of the new standard Itemizers must subtract deduction to obtain "tax changes are made to the itemized deductions in income.)

apply above a "zero bracket Changes the tax rates to standard deduction amount, amount" equal to the new

exemptions and limits married individuals filling separately to the \$35 per capita credit. tax credit available for the Makes the \$35 per capita extra age and blindness

\$2200 for single persons and \$3200 for joint returns.

Heads of households have same standard deduction as joint returns. Same as House bill, with technical, clerical and conforming amendments.

M	General tax credit is allowed No provision. Floor amendment by Senator Long	Present Law House Bill Senate Amendment	Amendment Conference Action
W	No provision.		

against all "Chapter 1" taxes including the minimum tax.

Standard deduction etc. (continued)

Item

Effective date. -- Applies to taxable years beginning after December 31, 1976.

year 1978, and \$5.2 billion in fiscal year 1979 (assuming 1977, \$7.1 billion in fiscal \$1.4 billion in fiscal year June 1, 1977, withholding). Revenue effect, -- Loss of

income tax and denies it against (accepted by voice vote) limits general tax credit to regular other Chapter I taxes

Effective date. -- Same as House bill.

billion in fiscal year 1977, \$8.1 billion in fiscal year 1978, and \$6.0 billion in fiscal year 1979. Of this, \$52 million in fiscal year 1977, \$680 million in fiscal year 1978, and \$624 million in making the joint return standard Revenue effect. -- Loss of \$1.5 deduction available to heads of fiscal year 1979 results from households.

	Item	Present Law	House Bill	Senate Amendment	Conference Action
4	Extension of 1975-1977 individual tax cuts. (Sec. 203 of the House hill.)	The general tax credit equals the greater of \$35 per person or 2 percent of the first \$9,000 of taxable income, and applies through 1977.	Extends general tax credit through 1978.	Same as House bill,	
	(Sec. 103 of the Senate bill.)	The earned income credit equals 10 percent of the first \$4,000 of earned income and is phased out as income rises from \$4,000 to \$8,000, and applies through 1977.	Extends earned income credit through 1978,	Same as House bill,	
			Authorizes appropriations to pay for refunds attributable to extension of earned income credit.	No provision.	
		The earned income credit is available only to families who provide more than half the support for a household with their child. AFDC payments count as support provided by someone other than the parent.	Modifies the support test so that AFDC payments are disregarded in deter- mining eligibility for the earned income credit.	No provision.	

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		Today of the	

fect Same	Revenue effect, Same	Revenue effect, The extension of the general	of 1975- vidual
Conservation Action			

Extension of 1975-1977 individual tax cuts (continued)

Item

Revenue effect. --The extension of the general tax credit will cause a revenue loss of \$6.8 billion in fiscal 1978 and \$3.9 billion tn fiscal 1979.

The extension of the earned income credit will result in a revenue loss of \$1.3 billion in fiscal 1979.

The disregard of AFDC payments will have no or only a negligible revenue effect.

The total revenue loss from the general tax credit and the earned income credit extensions will be \$6.8 billion in fiscal year 1978 and \$5.2 billion in fiscal year 1979.



Item	Present Law	House Bill	Senate Amendment	Conference Action
Filing requirements. (Sec. 204 of the House bill.)	The income level at which a tax return must be filed is \$2,450 for a single person and for a head head of household and \$3,600 for a joint return.	Increases the filling level to \$3,150 for a single person and a head of household and to \$4,500 of a joint return due to the increased "standard deduction" amounts.	Increases the filing level to \$2,950 for a single person, to \$3,950 for a head of household, and to \$4,700 for a joint return due to the increased "standard deduction" amounts.	
Senate bill.)		Effective date Applies to taxable years beginning after December 31, 1976.	Effective date Same as House bill.	
Withholding changes. (Sec. 205 of the House bill.) (Sec. 105 of the Senate bill.)	The present law standard deduction is reflected in the withholding rates.	Requires the Secretary to modify the withholding rates after April 30, 1977, to reflect the changes in the "standard deduction" and, after 1978, to further modify them to reflect the expiration of the general tax credit. Effective dateThe first withholding change applies after April 30, 1977, and the second after December 31, 1978.	Withholding changes are to take effect after May 31, 1977. A head of household may claim an additional exemption to reflect most of the higher "standard deduction." Effective dateThe first withholding change applies after May 31, 1977, and the second after December 31, 1978, as in the House bill.	



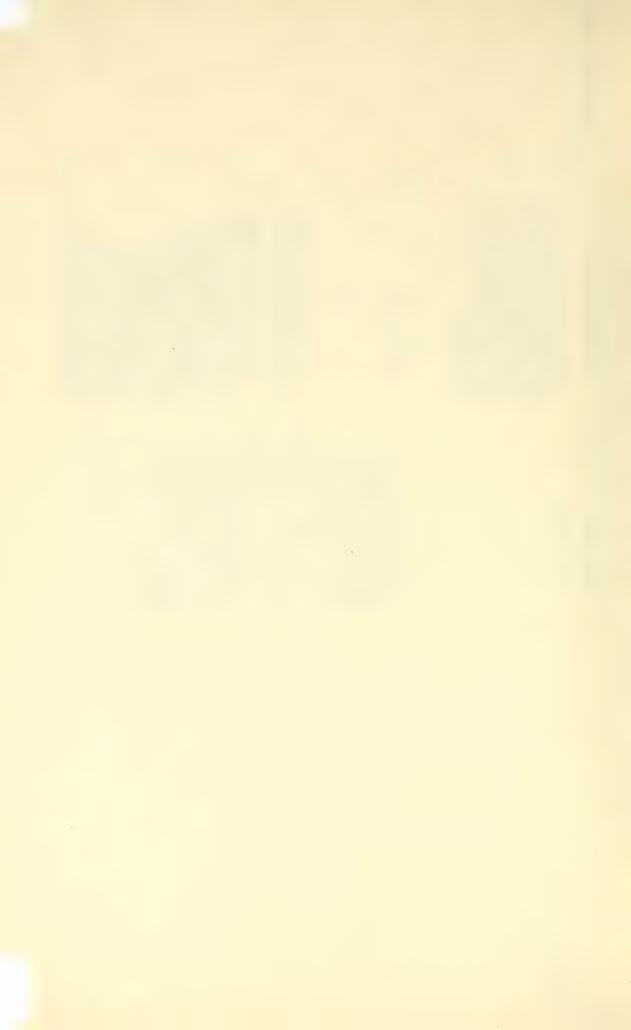
Item	Present Law	House Bill	Senate Amendment	Conference Action
corporate tax reductions (Sec. 301 of the House bill.) (Sec. 201 of the Senate bill.)	Prior to the Tax Reduction Act of 1975, corporate income was subject to a tax of 22 percent on the first \$25,000 of taxable income and 48 percent on income above \$25,000. Through 1977, the corporate tax rate is 20 percent on the first \$25,000 of taxable income, 22 percent on the second\$25,000, and 48 percent in excess of	The present corporate tax rates (and surtax exemption) are extended for one year, or through 1978. Effective dateApplies to taxable years ending after December 31, 1977, and before January 1, 1979.	Same as House bill, Effective dateSame as House bill,	
	tion"),	Revenue effectReduces revenues by \$1.0 billion in fiscal year 1978 and \$1.3 billion in fiscal year 1979.	Revenue effect,Same as House bill.	



Conference Action				
Senate Amendment	Increases the investment credit by 2 percent (to 12 percent plus the ESOP credit) through 1980, For 1977 and 1978, the additional credit is allowed only if the new jobs tax credit is not elected,	Same as House bill, except that— The maximum credit for each net new employee is \$2,100 (50 percent of the first \$4,200 of wages paid to net new employees), A floor amendment by Senator Haskell, (adopted 48 to 41), increased the credit from \$1,050 (25 percent of the first \$4,200 of wages) which was in the Finance Committee amendment.	The deduction for wages must be reduced by the amount of the credit claimed,	The total wage limitation requires an increase over 105 percent of total wages paid during the previous year.
House Bill	No provision,	Provides a new jobs tax credit. The maximum credit for each net new employee in 1977 or 1978 is \$1,680 (40 percent of the first \$4,200 of wages paid to net new employees).	No provision,	The credit is based on FUTA wages (the first \$4,200 of an employee's wages) paid by an employer during the year in excess of 103 percent of FUTA wages paid during the preceding year. Wages on which the credit is based are limited to total wages paid during the year in excess of 103 percent of total wages paid during the previous year.
Present Law	Investment credit, Provides a permanent investment credit of 7 percent (4 percent for certain public utility property) for qualified investment, The credit is increased temporarily to 10 percent through 1980. Also, an additional 1-1/2 percent investment credit is allowed for an ESOP through 1980.	Jobs credit, No provision,		
Item	Increased invest- ment credit or new jobs tax credit. (Sec. 202 of the Senate bill.)	(Sec. 302 of the House bill.)		



Conference Action				
Senate Amendment	Under a floor amendment by Senator Chafee, (adopted 58 to 35), the 103-percent FUTA wage limitation and the 105-percent total wage limitation are each reduced to 101 percent for a year for States with unemployment rates of 7-1/2 percent or more for the previous year.	No provision,	Provides \$100,000 limita- tion. (Floor amendment by Sen. Haskell (59 to 29).)	An additional 10-percent credit is provided for all new employees hired (without regard to the number employed in the previous year) in the following categories: (1) handicapped workers, (2) Vietnam era veterans under age 27 and disabled veterans, and (3) lowlincome persons who are unemployed 15 or more weeks or who are AFDC recipients. The special 10-percent credit is limited to one-fifth of the 50-percent credit which
House Bill	No provision,	Any employer dis- missing an employee in order to secure the credit loses an amount of credit equal to twice the amount that other- wise would have been gained by the dismissal,	For any year, the credit for a taxpayer or employer is limited to \$40,000.	An additional 10-percent credit is allowed for increased employment of handicapped workers over the number employed in the previous year. The \$40,000 limit does not apply to the additional credit for the handinapped,
Present Law				
Item	Jobs credit (cont'd,)			



Conference Lotion				
Senate Amendment	(continued) would have been allowed before applying the \$100,000 limitation. (Floor amendment by Sen. Cranston, adopted by voice vote.)	To limit the credit available to a new or rapidly expanding business, wages on which the credit is based are limited to 50 percent of FUTA wages for the year.	Revenue effectLoss from the new jobs tax credit is \$0.7 billion in fiscal year 1977, \$2.5 billion in fiscal year 1978, and \$1.8 billion in fiscal year 1979.	Loss from additional investment credit is \$0.5 billion in fiscal year 1977, \$1.3 billion in fiscal year 1978, \$1.6 billion in fiscal year 1979, \$2.0 billion in fiscal year 1980, and \$1.3 billion in fiscal year 1980, and \$1.3 billion in fiscal year 1981.
House 8411		No provision,	Revenue effect,Loss of \$0.7 billion in fiscal year 1977, \$2.4 billion in fiscal year 1978, and \$1.7 billion in fiscal year 1979.	
Drecont Taw	į			

Jobs credit (continued)

Item



	Item	Present Law	House Bill	Senate Amendment	Conference Action
9.6	1	Sick pay revisions made by	No provision.	Generally postpones	
	(Sec. 301 of the Senate bill.)	the app nin	[H.R. 1828, as passed by House (404-0), contains substantive provisions	effective date one year to taxable years beginning after December 31, 1976.	
		Prior law was repealed and a weekly maximum exclusion, i.e. \$5200 a year, was provided for retirees under age 65 who are permanently and totally dis-	identical to the Senate amendment.]	However, taxpayers pre- ferring revisions made by Tax Reform Act of 1976, may elect to file 1976 returns under the new law.	
		abled. This exclusion is reduced dollar-for-dollar for adjusted gross income in excess of \$15,000.	°	Revenue effectOne-time revenue loss of \$327 million in fiscal 1977.	



.n- No provision.	(1) For taxable years begin-	. Exclusion for
	TY COCHE PAN	T Cell
	(1) For taxable years begin	Exclusion for

Exclusion for income earned abroad. (Sec. 911)

10.

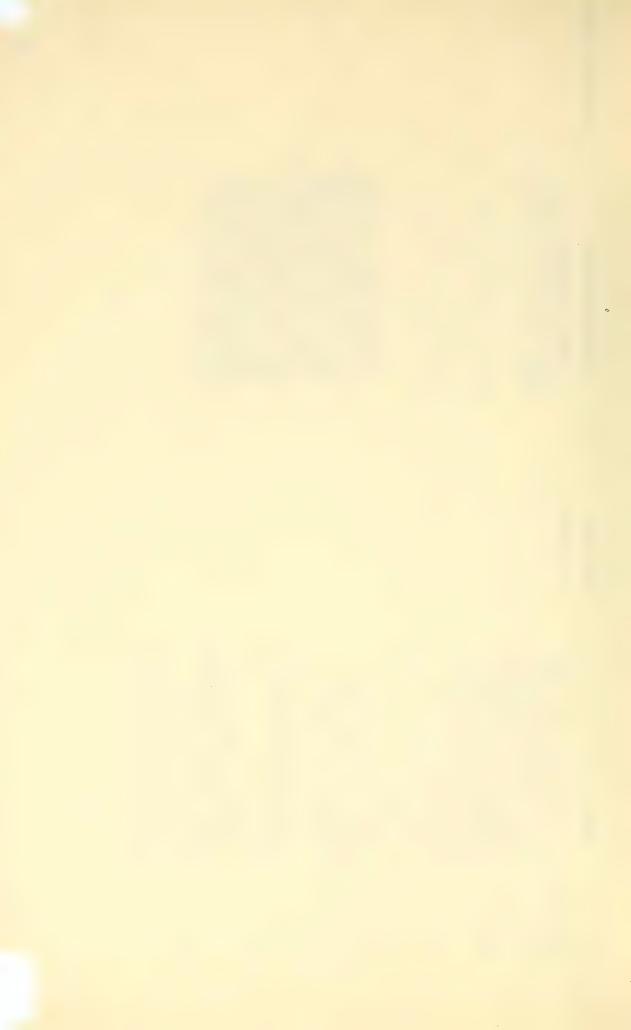
(Sec. 302 of the Senate bill.)

(1) For taxable years beginning after December 31, 1975, the Tax Reform Act reduced the annual exclusion from \$20,000 to \$15,000 (from \$25,000 to \$20,000 in the case of employees of exempt organizations) for individuals who are (i) bona fide residents of a foreign country or countries for the full taxable year or (ii) who are overseas for 17 out of 18 months.

The Act also made the follow-ing changes:

- income from the lowest rate brackets; additional income is taxed at the rates which would apply if the excluded income were also taxed.
- (3) The foreign tax credit is not allowed for foreign taxes allocable to the excluded amount.
- available for income which is received outside of the country in which earned in order to avoid tax in that country.
- (5) Individuals electing the standard deduction may also claim the foreign tax credit.

Delays the effective date for the changes made by the Tax Reform Act of 1976 to taxable years beginning after December 31, 1976. Revenue effect. The one-year delay in the effective date of the changes made by the Act would result in a one-time decrease in budget receipts of \$45 million effective date of the changes to the earned income exclusion (paraphes 1-4), and an increase in budget receipts of \$7 million resulting from the delay in the effective date of the provision allowing individuals electing the standard deduction to claim the foreign tax credit (paragraph 5).



Item

attributable additions to Relief from interest, penalties tax, and

Interest at 7-percent per annum is charged for underat 7-percent per annum are of quarterly estimated tax payments of tax liability imposed for corporate and from last date for filing individual underpayments return and paying tax. liabilities. of provisions Reform Act of tion to 1976 to applicaof the Tax 1976.

Employers are subject to 5-percent addition to tax of the Senate for late deposit of taxes withheld from employees' (Secs. 303, 304 and 305

wages and a 100-percent penalty for willful failure

to withhold.

Additions to tax computed

No provision.

by voice vote in the House tain provisions identical by unanimous consent conto the Senate amendment.] [H.R. 1680, as passed and H.R. 1828, as passed

1977, and corporations for periods made applicable to 1976 by the Tax Relieves individual taxpayers attributable to changes in law for periods prior to April 16, additions to tax and interest prior to March 16, 1977, from Reform Act of 1976.

1977, and made taxable by 1976 Act. liability for failures to withhold on income paid before January 1, Employers are relieved of

Revenue effect. -- Revenue loss of \$10 million in fiscal 1977.



use of residence for services. day care Business

Sec. 306 Senate bill.) of the

table to the use of a personal resiclusively and on a regular basis for business purposes. If the exclusive Generally, no deduction is allowable for business expenses attribudence except for a portion used exlble business expenses attributable to the residence are limited to the use test is satisfied, the deductfrom the business activity exceeds deductions which are allowable in amount by which the gross income any event, e.g., property taxes and interest,

No provision.

House Bill

Present Law

Item

would provide an exception to day care services to individthe exclusive use test for a [H.R. 3340 passed by the residence used to provide House on April 18, 1977, uals

limited to the gross income mortgage interest, etc., which are deductible in any business expenses would be in excess of the allocable portion of property taxes, [H.R. 3340--Deductible event.

cate expenses to the busi-[H.R. 3340--No special rule is provided to alloness use.

first day of the first month test applies only if the day beginning more than 90 days after enactment, the excepapplicable State Micensing, care services comply with certification, or approval tion to the exclusive use [H.R. 3340--After the requirement.

would not apply in the case of a residence used to provide day care services to The exclusive use test children, handicapped individuals, and the elderly.

expenses would be limited to property taxes, mortgage inof the allocable portion of The deductible business the gross income in excess terest, etc., which are deductible in any event.

basis of the time the portion vice as compared to the total The expenses allocable to of the space used to furnish time available for all uses, is used to provide the serthe business activity would be determined on the basis the services and on the

for State licensing, certifi-No requirement is imposed cation or approval.



Business use of residence for day care services (continued)



£ 4	p p 1 G.		
Present Law	House Bill	Senate Amendment Conf	Conference Action
The Tax Reform Act of 1976	No provision.	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	
provided that for taxable years		nrowided by the Day De-	
hoginning hofowo Tonnous 1 1076	H.R. 1828, as nassed hy	programme pay wer	

State legislators' travel presponses a part of the senate bill.)

Item

The Tax Reform Act of 1976 provided that for taxable years beginning before January 1, 1976, a State legislator can elect to have his place of residence within the legislative district he represents as his tax home. If an election is made, the legislator is treated as having expended for living expenses an amount equal to the daily per diem allowed U.S. Government employees multiplied by the number of days the State legislature was in session or the legislator was formally recorded at a committee meeting when the legislature was not in session.

Otherwise, the tax home of a State legislator is determined by taking into account a number of factors, such as: (a) the total time ordinarily spent by the taxpayer at each location, (b) the degree of business activity at each location, (c) the amount of income ordinarily spent by the taxpayer at each location, etc.

[H.R. 1828, as passed by unanimous consent in the House contains provisions identical to the Senate amendment.]

taxable years beginning

in 1976.

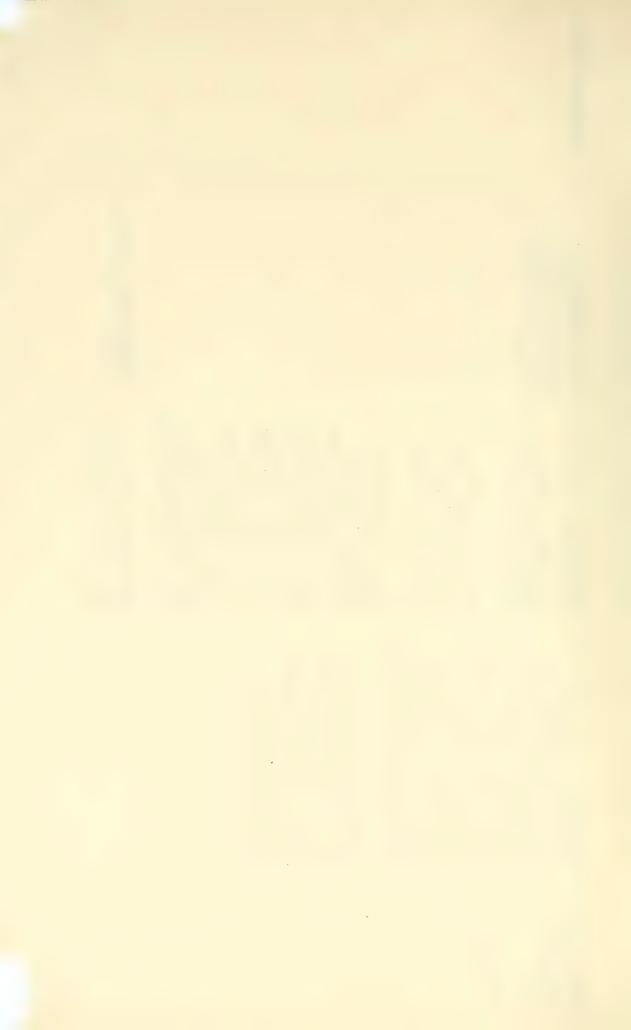
form Act of 1976 to

[H.R. 4007, as passed by the House on May 2, 1977, provides that the tax home for a State legislator is his residence in the district represented by him.]

election cannot exceed \$9,000 If a State legislator elects However, the amount eligible covered by the reimbursement multiplied by the greater State capital. In addition, the amount eligible for the for the election cannot exthe reimbursement for away from home travel expenses. to have the special rules expenses covered by a retreated as having expended imbursement arrangement. apply, the legislator is H.R. 4007 also provides special rules for travel ceed the number of days Federal per diem for the of \$50 or the maximum for a year.

Effective date. -- Applies [H.R. 4007 to taxable years beginning after December 31, 1975, and before January 1, 1978.]

Effective date. -- Applies to taxable years beginning in 1976.

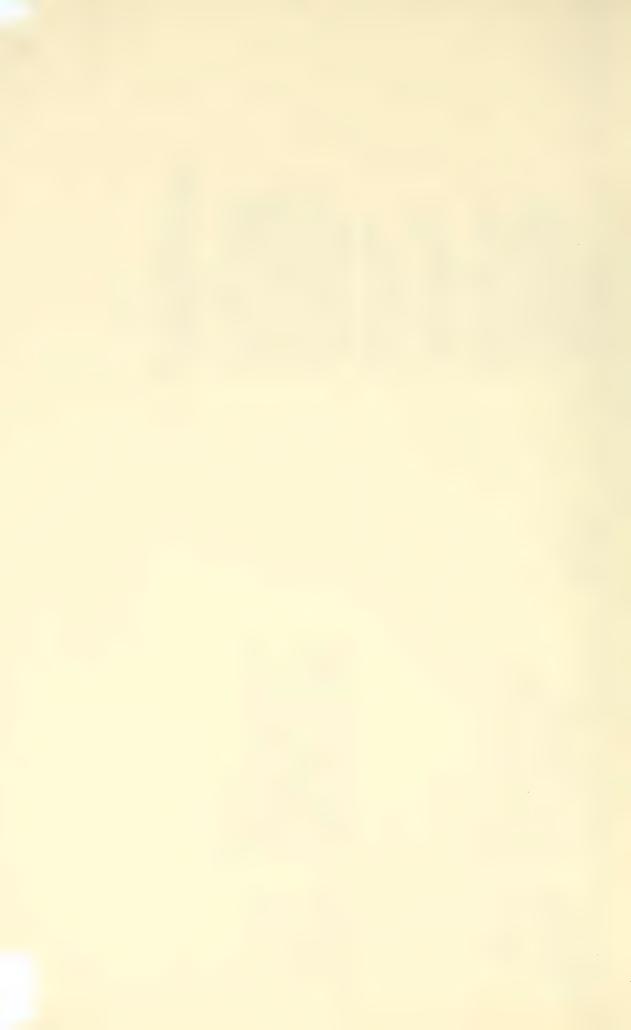


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Item	Present Law	House Bill	Senate Amendment	Conference Action
State legislators'		Revenue effect [H.R. 4007	Revenue effect This	
travel empenses		would reduce budget receipts	provision will decrease	
continued)		by \$2.7 million for fiscal	revenues by \$3 million	
		1977, and \$2.9 million for	in fiscal year 1977.	
		fiscal 1978.]	•	

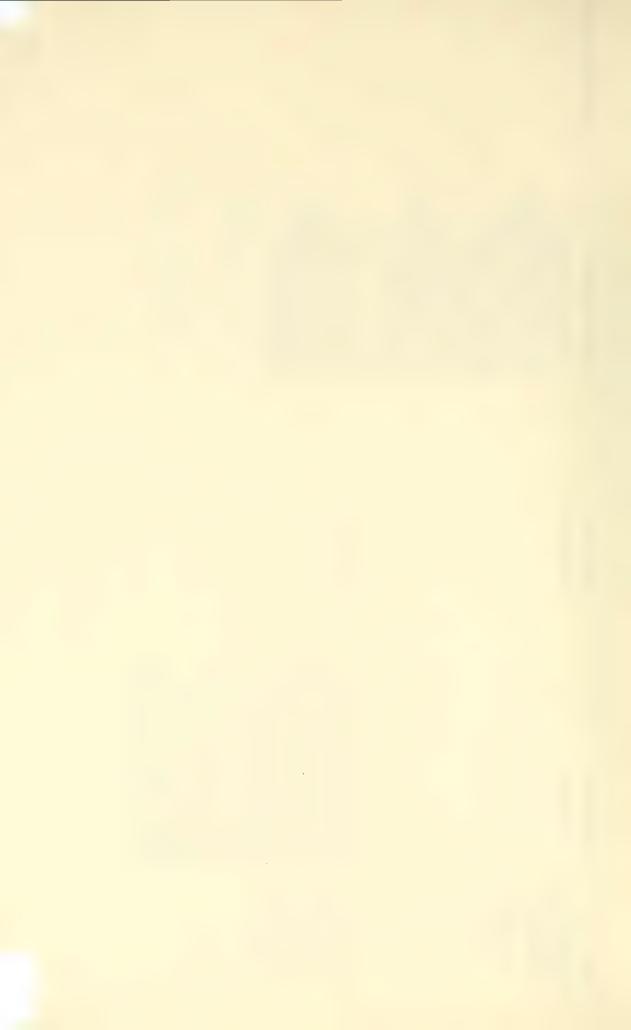


	Item	Present Law	House Bill	Senate Amendment	Conference Action
14.	Minimum tax preference for intangible drilling costs. (Sec. 308 of the Senate bill.)	For individuals, intangible drilling costs are a minimum tax preference to the extent they exceed the amount deductible if those costs were amortized. Effective for taxable years beginning after December 31, 1975.	No provision.	The existing minimum tax preference for intan- gible drilling costs is reduced by an individual's income from oil and gas properties. (Floor amend- ment by Sen. Bentsen, agreed to by voice vote, after defeat of a motion to table (33-50).	
				Effective date Taxable years beginning after December 31, 1976.	
				Revenue effect Annual loss of about \$30 million beginning with calendar year 1977.	
15.	Charitable contributions of conservation easements. (Sec. 309 of the Senate bill.)	Under provisions added by the Tax Reform Act of 1976, deductions are allowable for charitable contributions exclusively for conservation purposes of (1) easements of at least 30 years' duration; and (2) remainder interests in real property, if contributed before June 14, 1977.	No provision.	Deductions are allowable for charitable contributions exclusively for conservation purposes of (1) easements of at least 30 years' duration, and (2) remainder interests in real property, if the transfers are made prior to June 14, 1981. (Floor amendment by Sen. Mathias, agreed to by voice vote.)	

\$5 million decrease in receipts for each of the fiscal years 1977, 1978, and 1979.



Conference Action		
Senate Amendment	Requires the Department of the Treasury, Council of Economic Advisers, Congressional Budget Office and Federal Reserve Board to study impact of major provisions of the bill on the economy. Each is required to provide forecasts of the bill's impact on the growth rate of GNP, inflation rate, and unemployment rate, over the period July 1977 to July 1979; and to later submit reports on the accuracy of these forecasts.	Authorizes an additional \$435 million in each of fiscal years 1978 and 1979 for employment and supportive services for welfare recipients, with no requirement for State matching funds.
House Bill	No provision	No provision.
Present Law	No provision.	The Work Incentive (WIN) Program is designed to assist families on welfare to become independent through training, placement, and other services. Federal funds pay 90 percent of the cost of the program. The administration has included \$365 million in the 1978 budget for the Work Incentive Program. Present funding levels allow full participation in the pro- gram by one-fourth of WIN registrants. Seventy-five percent of the current 2.2 million persons registered during a given year receive no services other than registra- tion and appraisal.
Item	16. Studies on impact of bill by government agencies. (Sec. 401 of the Senate bill.)	17. Increased authorization for the Work Incentive (WIN) program. (Sec. 501 of the Senate bill.)



	Restores section 188	No provision.	Section 188 of the Code,	e-vear
Conference Action	Senate Amendment	House Bill	Present Law	

care facilities over a 5-year period instead of using other employer may elect to amortwhich expired at the end of depreciation methods. The lze expenditures for child Section 188 of the Code, 1976, provided that an amortization employer for at his trade for expendior business. tures by an child care facilities Five-vear

the Senate (Sec. 502 of bill,)

children being cared for during cularly suited to the needs of provision applied to buildings equipment and materials partiand equipment, or portions of them, actually used for the their needs in the absence of This included provision of child care seras would be required to meet received such personal care, protection and supervision a room, or rooms, or play vices in which children their parents. the day.

provision have been a preference for purposes of the minimum tax, Amounts amortized under this

a five-year period through as of January 1, 1977, for Restores section 188 December 31, 1981.

expenditures made after December 31, 1976, and before January 1, 1982. Applies to qualifying Effective date. --

to be less than \$5 million this amendment is expected decrease in revenues from in each fiscal year 1977 Revenue effect. -- The through 1982.

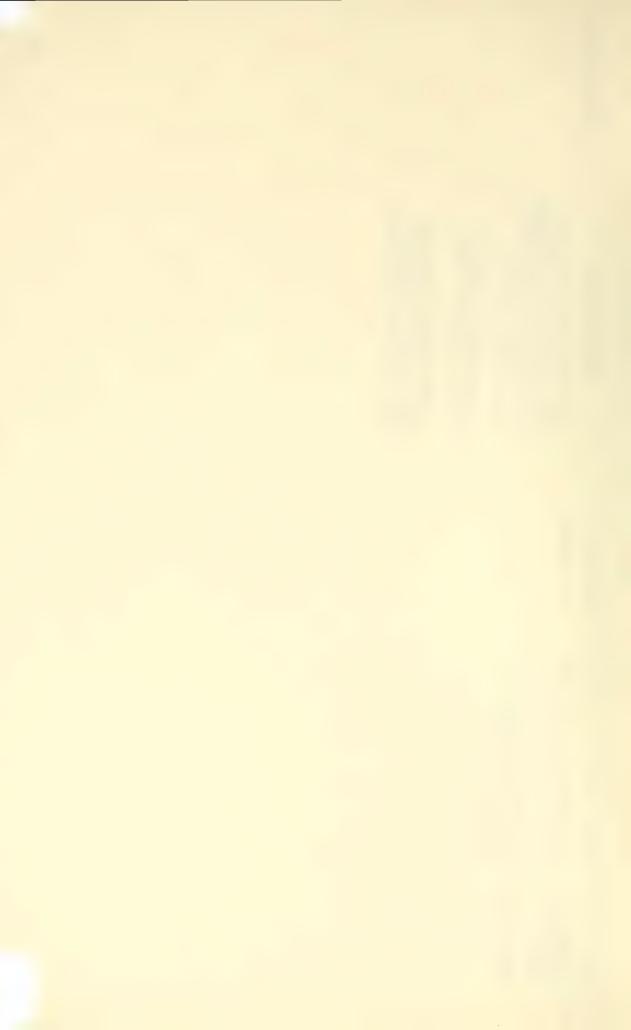


Conference Action	
Senate Amendment	Allows taxpayers to elect the credit for 1976 under the 1976 Act revision or under prior law, (Floor amendment by Sen, Church adopted 97-1), Revenue effect,One- time loss of \$30 million.
House Bill	No provision.
Present Law	The Tax Reform Act of 1976 generally increased and simplified the 15-percent retirement income credit for taxable years beginning after December 31, 1975, for taxpayers age 65 added to the Act as a Senate floor amendment, public retirees under age 65 may also claim the credit.) The maximum amount of the credit base was increased from \$1,524 to \$2,500 for single persons and from \$2,286 to \$3,750 for married persons. These maximums are reduced by certain exempt income. The credit is phased out by \$1 for every \$2 of adjusted gross income in excess of \$7,500 for a single person and \$10,000 for a single person and \$10,000 for a joint return. (The AGI phaseout does not apply to public retirees under age 65.)
Item	Retirement income credit election. (Sec. 503 of the Senate bill.)

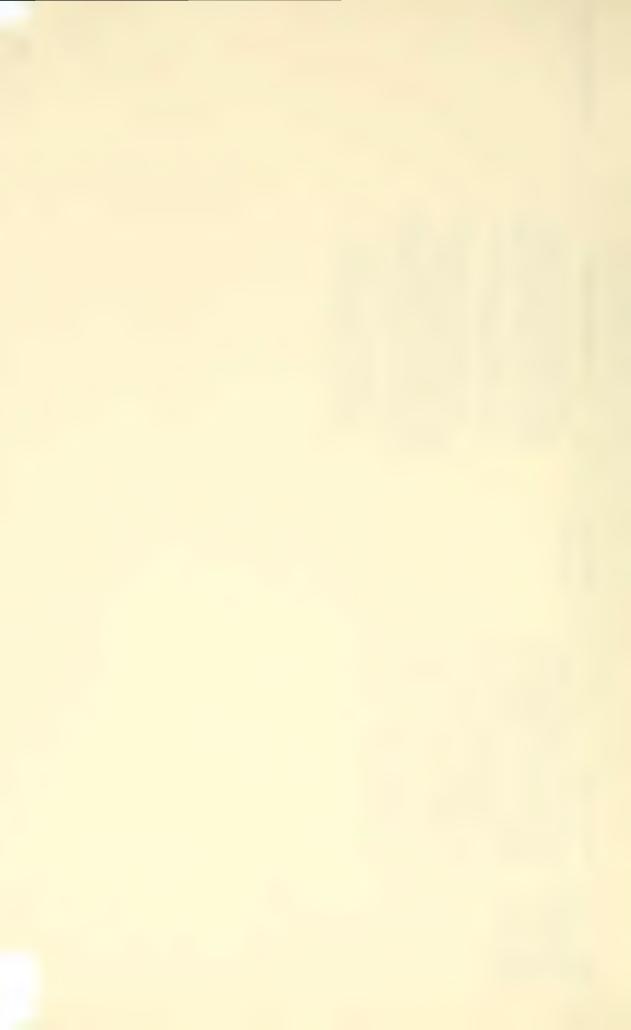


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Conference Action		
Senate Amendment	Provides a nonrefundable \$250 income tax credit for individual taxpayers who maintain a household which includes one or more dependents 65 years of age or older. (Floor amendment by Senator Domenici (44-31).)	Effective date Applies to taxable years beginning after December 31, 1976.
House Bill	No provision	
Present Law	A taxpayer may claim a \$750 personal exemption for each dependent. A taxpayer age 65 or over, who files his own return, may claim two \$750 personal exemptions.	
Item	Tax credit for providing home for aged dependents. (Sec. 504 of the Senate bill.)	
	20.	

Revenue effect. -- Revenue loss of \$52 million in fiscal year 1977, and \$350 million each year in fiscal years 1978 through 1982.



1977, 1978, and 1979.



Administrative and judicial remedies are provided to obtain a discharge of an unrecorded tax lien against a purchased residence. A suit must be started within 6 years after the notice of lien is filed. (Floor amendment by Sen. Helms, adopted by voice vote.)

Effective dates: Applies generally to any lien imposed under the 1954 Code. The 6-year statute of limitations on discharge suits does not apply to suits started before December 31, 1977.



23. Withholding on The 1976 Tax Reform Act re- winnings. Certain gambling quires the withholding of 20 percent winnings. Certain gambling quires the withholding of 20 percent the Measure process of certain gambling quires the withholding of 20 percent the Measure process of more than \$1,000 from a wager placed in a Senate to include provision wagering pool. However, the ponde enforcement of this provision on racetrack winnings until May 18, 1977; then, the Service withholding as provided in the Senate amendment. Service withholding as provided in the Senate amendment. Senate bill.) The remaind Revenue Service has post-amendment.] The senate bill.) The senate bill. The senate					
The 1976 Tax Reform Act re- g quires the withholding of 20 percent the House unanimously passed of certain gambling winnings, in- cluding winnings of more than pay, as amended by the cluding winnings of more than pay, as amended by the pay, as amended by the senate processions procession of the senate to include provisions procession or racetrack winnings until May 18, 1977; then, the Service has announced it will enforce withholding as provided in the Senate amendment.	Item	Present Law	House Bill	Senate Amendment	Conference Action
payments made after April 30, 1977.	23. Withholding on certain gambling winnings. (Sec. 507 of the Senate bill.)			Modifies the withholding provision with regard to parimutuel pools involving horses, dogs, and jai alai to provide that withholding is required on proceeds of more than \$1,000, but only if the amount of the proceeds is at least 300 times as large as the amount wagered. (Floor amendment by Sen. Huddleston, agreed to by voice vote.)	
				Effective date Applies to payments made after April 30, 1977.	

Revenue effect. -- Decrease of receipts of \$4 million in fiscal year 1977, \$7 million in fiscal year 1978, and \$5 million in in fiscal year 1979.



Present Law	House Bill	Senate Amendment	Conference Action
No provision.	No provision	Expresses sense of the Senate that, in view of the	

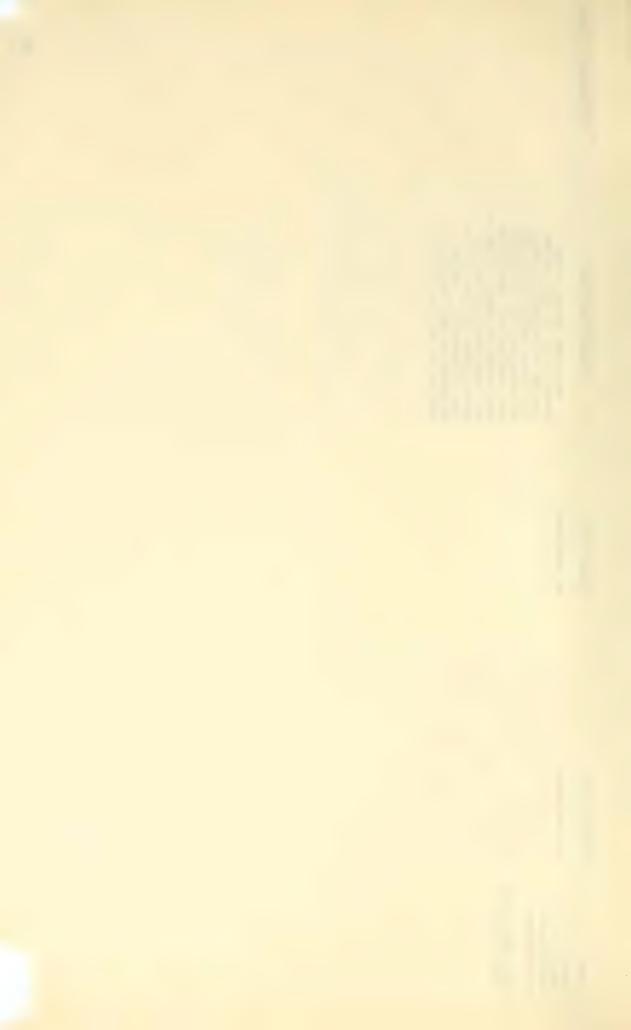
Expresses sense of the Senate that, in view of the special relationship between the United States and Canada, the President should discuss with the Canadian Government the impact of recent Canadian Tax Code provisions on U.S. broadcasters in order to adjust differences. (Floor amendment by Sen. Moynihan, adopted by voice vote.)

(Sec. 508 of the Senate bill.)

Canadian tax Impact on United States broadcasters

24.

Item



Conforman Action	contenence action											
Senate Amendment		Terminates 1975 special pay-	ments to social security recipients.		Effective date Date of	enactment.						
House Bill	Titra canon	No provision.										
Drocont Low	ricocur Dan	The Tax Reduction Act of 1975	had no termination date for making	the \$50 special payments to social	security recipients. These pay-	ments are still being made in a few	cases where a nonresident individual	who received social security bene-	fits in 1975 later returns to the	United States and applies for the	1975 payment.	
T + T	Item	25. Termination	of 1975	special pay-	ments to	social	security	recipients		(Sec. 509 of	the Senate	bill.)



	Authorizes appropria-	Authorizes an appropriation	+114 u	o to though	Trid no in invocare Tomorron ON	4
Conference Action	Senate Amendment	House Bill			Present Law	

26. Payments to Governments of Virgin Islands, American Samoa and Guam.

Item

(Sec. 510 of the Senate bill.)

No general provision, but P.L. 94-392 authorized \$8.5 million appropriation for Virgin Islands to reimburse it for lost tax revenues resulting automatically from the Tax Reduction Act of 1975.

Authorizes an appropriation to Virgin Islands, American Samoa and Guam to compensate for rebate and standard deduction increase.

tion to these same possessions to compensate for standard deduction increase.



or employment tax withholding

rules to apply to county in-

employment tax

quired to withhold city income Federal agencies are re-

or employment taxes from Federal employees if--Federal employees. withholding from

the compensation is earned in the city, (1)

(Sec. 511 of the Senate bill.) the regular place of

(2)

- the employee is a resident of the State employment is in the (3)
- dent employee consents to withholding), and (unless the nonresi-
- are regularly employed Federal agencies (in-500 or more persons in the city by all cluding the U.S. Postal Service). (4)

if the employee voluntarily elects to have city income or employment This provision applies only taxes withheld.

request from the proper local

official,)

come or employment taxes. (Floor enactment. (Withholding begins after Secretary of the Treasury enters into withholding agreeamendment by Sen. Huddleston agreed to by voice vote.) ment, within 120 days after Effective date, -- Date of



	Under	private	Rev. Rul	asset to
Item	Invest-	ment	annu-	ities,

Present Law

by the insuror. The taxpayer could surremeder (or partially surrender) the contract at any time before annuity benefits letter rulings which followed the an insurance company pursuant to began and receive the amount held in the custodial account and invested, pursuant to the taxpayer's control, in a savings , a taxpayer could transfer an an investment annuity contract, Under a 1965 Rev. Rul, and numerous the contract, the asset was held in a funds, or other investments permitted account, listed stocks, bonds, mutual account. 512 of Senate oill.)

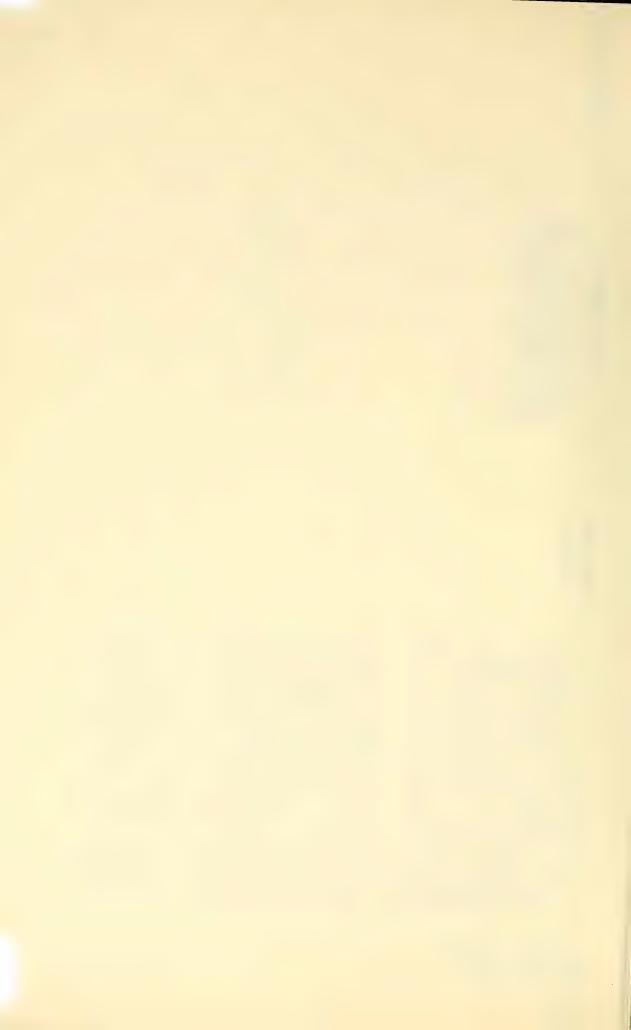
the

was taxed to the insurance company, (unless ordinary income to the extent they exceed company. Capital gain on invested assets the contract qualified for special treattax on investment earnings on the account applied to investment annuities. Accordowned by a qualified pension plan). The rules for taxation of variable annuities the amount paid for the contract by the ingly, income credited to the invested was deferred until benefits were paid. assets was not taxed to the insurance ment under the Code e.g., a contract The annuity benefits were taxable as The Rev. Rul, held that the usual caxpayer.

are taxed to the policyholder currently, without deferral of the tax until benefits investment annuity contract after March 9, 1977 (the date the ruling was released), In 1977, the I.R.S. changed its posiannuities. Under Rev. Rul. 77-85, earnings on assets first invested under an tion on the taxation of investment are paid under the contract.

by voice vote, after defeat of motion to table (26-57).) March 9, 1978. (Floor amendment by Senator Allen adopted Rul, 77-85 is postponed until The effective date of Rev.

No provision.



Item	Present Law	House Bill	Senate Amendment	Conference Action
Certain Social Security Act Amendments	Child support legislation Security Act Amend- enacted in Public Law 93-647 nents	No provision.	(1) Specifically authorizes the issuance of regulations by the three branches of Government charged with	

of Federal payment for purposes of child support and alimony. Garnishment Provi-Clarification of sions. ments Secur

Senate bill.) (Sec. 601 of the

provides to be followed under the garnishment to garnishment for child support and branches of Government charged with in each situation if there are outspecific conditions and procedures standing arrearages under 12 weeks administering the garnishment law; 50% on the amount of wages subject second family and 60% for a person terms used in the garnishment proalimony for a person supporting a who is not (plus an additional 5% provisions relating to service of legal processes; (4) defines the visions; and (5) sets a limit of (2) specifically includes the District of Columbia under the garnishment provisions; (3)

agencies, who handle the collection provides that persons handling cash employees of contractors used by (1) Requires bonding of all of child support payments; (2) State and local employees, or be separate from those in the

No provision.

accounting function.

and Local Employ-Bonding of State

o q

No provision.

(Sec. 602 of the Senate bill.)



	Present Law	House Bill	Senate Amendment	Conference Action
Incentive Payments to States and Localities (Sec. 603 of the Senate bill.)	a State or if another State collects the child support payment it is entitled for the first 12 months of collections to 25% of the amount retained by the State in which the recipient family lives and to 10% of the amount retained after the first 12 months. These amounts are paid from the Federal share.	No provision.	Sets the incentive payment at 15% of the amount retained by the State in which the recipient family lives, regardless of when collected.	
Reporting Requirements (Sec. 604 of the Senate bill.)	Requires that the Secretary of Health, Education, and Welfare submit an annual report to the Congress on all activities under the child support program on June 30 of each year.	No provision.	(1) Lists the specific kinds of information to be included in the annual report; (2) requires that an annual report be submitted to the Congress within 3 months of the end of each fiscal year; and (3) requires a special supplemental report on fiscal year 1976 and the transitional quarter by June 30, 1977.	
Certain AFDC payments (Sec. 605 of the Senate bill.)	Specifies the treatment of child support collections for purposes of reimbursement.	No provision,	Validates a letter of exception by the Department of Health, Education, and Welfare to Georgia dated January 22, 1976 permitting that State until the end of calendar year 1976 to work out a problem of interpretation concerning the treatment of child support collections for purposes of reimbursement.	



Item	Present Law	House Bill	Senate Amendment	Conference Action
30. Counter-	Under current law, funds are set aside	No provieton	Drowides in to \$1 hillion addit	

No provision

Under current law, funds are set aside for State and local governments when the national, quarterly unemployment million plus \$62.5 million times the 6 percent. An unemployment rate of number of half percentage points by which the unemployment rate exceeds rate exceeds 6 percent. The amount percent would create \$250 million. set aside per quarter equals \$125

701-708

(Secs.

of the Senate

bill.)

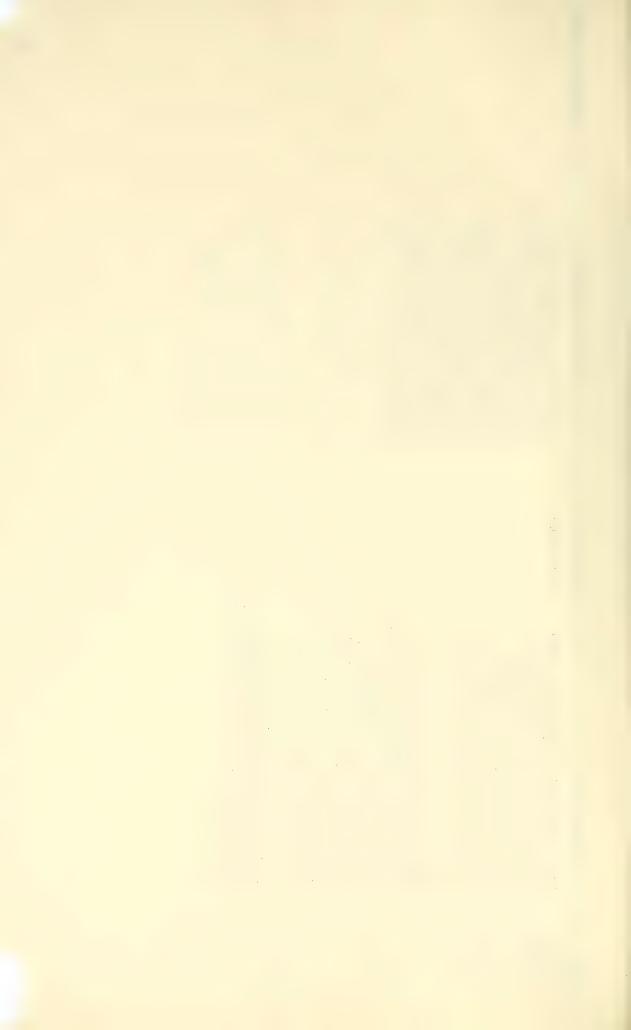
cýclical revenue

sharing

counties, cities and townships. Allocation among State governments is based on sum of these products for all States (or sharing payment in FY 1976. The product of these two factors is compared to the One-third of the money is set aside for all localities in the case of the allopercent, and (2) their general revenue State governments, and two-thirds for cation of the 2/3 amount) in order to two factors: (1) the extent to which their unemployment rates exceed 4.5 determine the actual payment.

could be distributed. By the end of the April quarter, all of the \$1,250 billion will have authorization, a total of \$1.250 billion Over the five quarters of the current been allocated.

centages rather than 1/2 percentage tional in fiscal 1977. Authorizes Islands; they were not previously Sen. Muskie, as modified by Sen. in program. Formula is techni-Provides up to \$1 billion additriggered is modified to depend cally improved to rely on more on tenths of unemployment perup to \$2,25 billion in fiscal 1978. Payments authorized to recent data, National amount (Floor amendment by Puerto Rico and the Virgin Curtis (64-17),) points.



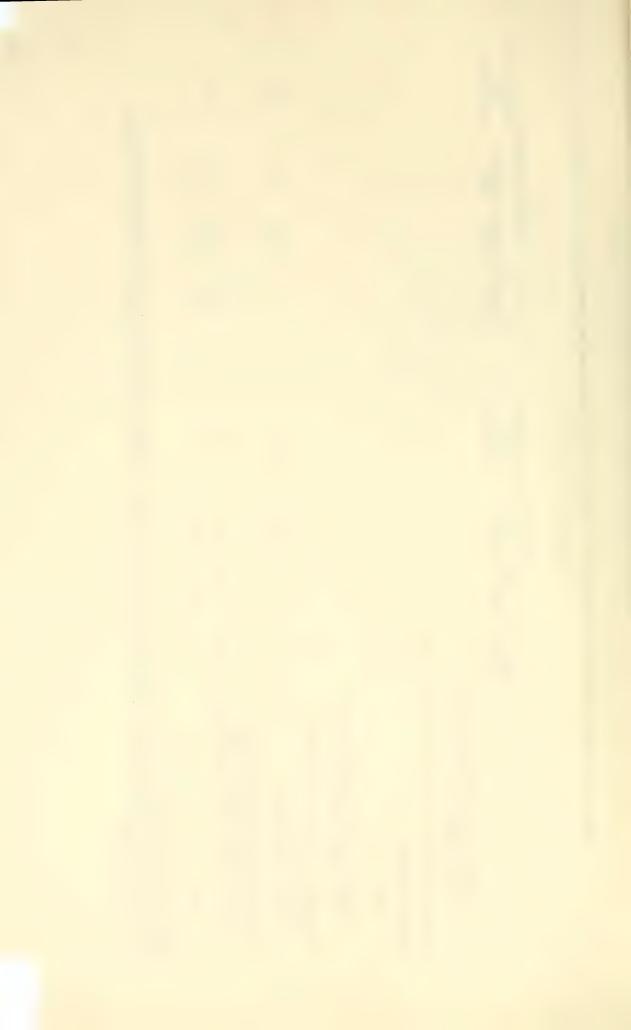
EFFECT OF THE HOUSE AND SENATE VERSIONS OF H.R. 3477, THE TAX REDUCTION AND SIMPLIFICATION ACT OF 1977

(billions of dollars)

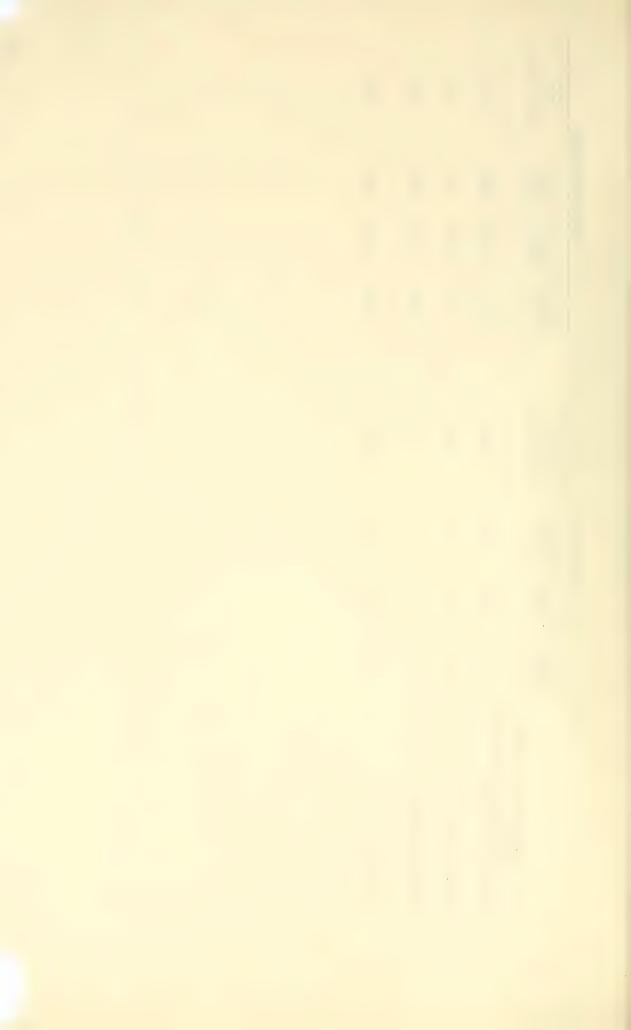
		HOU	HOUSE BILL			SENATE	SENATE AMENDMENT	I
	Fiscal Ye	Year Budget Effect 1978 1979	Effect 1979	Calendar Year 1978 Liability	Fiscal Yes	Fiscal Year Budget Effect		Calendar Year 1978 Liability
I. Refund of 1976 individual income taxes; payments to recipients of certain benefits								
Refund of 1976 individual income taxes	-8.6							
Special payments	-1.8							
Total	-10.4	(a)						
II. Reduction and simplification of individual income taxes								
Extension of 1975-1977 individual income tax cuts General tax credit Earned income credit		8.9	-3.9	-10.7		8.9-	-3.9	-10.7 -1.3
Change in tax rates and tables to reflect change in the standard deduction and conforming changes in the definition of taxable income	-1.4 ^b	-7.1b	5.2	-5.1	-1.5 ^b	-8.1	0.9-	.5.9
Total	-1.4	-13.9	-10.4		-1.5	-14.9	-11.3	
Abess than \$50 million,								

aLess than \$50 million.

bWith withholding change applicable to wages paid after May 31, 1977; as passed by the House, with the withholding change applicable to wages paid after April 30, 1977, the House bill figures were \$1.8 billion for fiscal year 1977 and \$6.7 billion for fiscal year 1978.

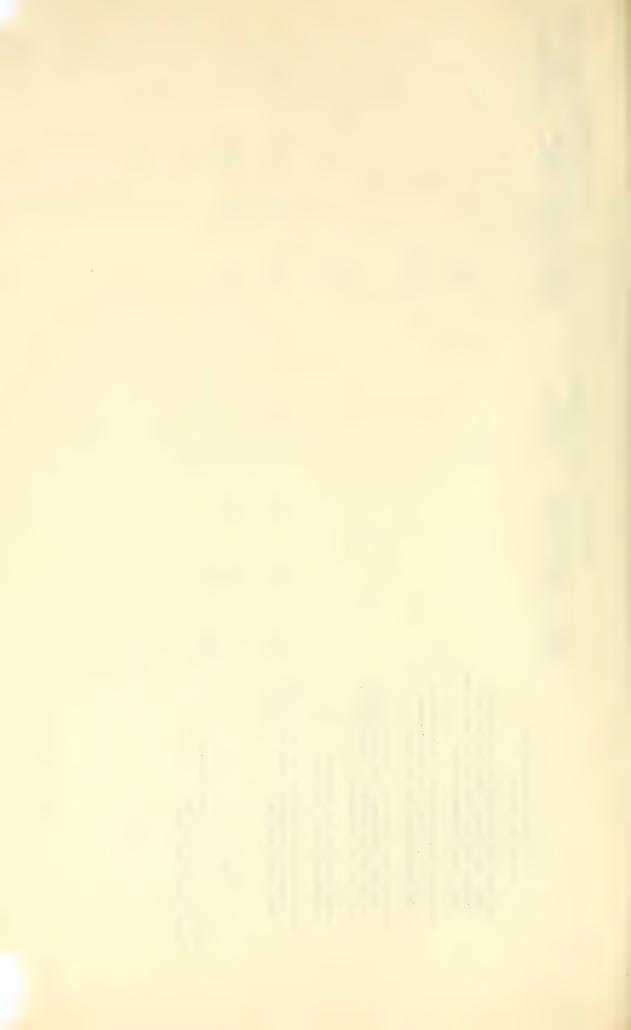


ENT	Calendar Year 1978 Liability	-2,3	-2,4	-1,4	-6.1
SENATE AMENDMENT	t Effect 1979	-1.3	-1.8	-1.6	7.4.7
SENA	Fiscal Year Budget Effect 1977 1978	-1.0	-2.5	-1.3	-4.9
	Fiscal Y 1977	ı	7.0-	-0.5	-1.2
	Calendar Year 1978 Llabillty	-2,3	-22.4	1	-4°.7
HOUSE BILL	Effect 1979	-1,3	-1.7	ŧ	-3.0
ЮН	Fiscal Year Budget Effect	-1.0	-2,4	1	-3.4
	Fiscal Ye	1	L.0-7	1	1.0-7
		III. Reduction in business taxes Extension of certain corporate income tax reductions	New jobs credit	Investment credit	Total



SENATE AMENDMENT Calendar Year Fiscal Year Budget Effect 1978	1977 1978 1979 Liability		(-a)	-0.3	(-a)	(-c)	(-a) (-a) (-a)	-0.4 (-a) (-a)
Calendar Year 1978	Liability						(-a)	
HOUSE BILL Fiscal Year Budget Effect	1979						(-a)	(-a)
H Year Budg	1978						(-a)	(-a)
Fiscal	1977						(-a)	(-a)
		IV. Provisions relating to effective dates	One-year postponement of effective date for changes made by the Tax Reform Act of 1976 to the exclusion for income earned abroad	One-year postponement of effective date of sick-pay revisions made by the Tax Reform Act of 1976	Relief from interest, additions to tax and penalties attributable to application to 1976 of provisions of the Tax Reform Act of 1976	Deduction for legislators' travel expenses away from home	Eliminating exclusive use test in the case of residences used to provide day care services	Total

aLess than \$50 million. CLess than \$5 million.



SENATE AMENDMENT	Year Fiscal Year Budget Effect 1978 1978 1977 1978 Liability		(2-) (2-) (2-)	(-a)	-0.1 -0.4 -0.4 -0.4	(-c) (-a) (-c) (-c)	(P-) (P-) (P-)	(-c) (-c) (-c)	(-a) (-a) (-a)	(-c) (-c) (-c)	-0.1 -0.4 -0.4	-3.2 -20.1 -16.4
HOUSE BILL	Fiscal Year Budget Effect 1978 1978 Liability		Rapid amortization of child care facilities	dit election	ing home for	n gambling	Andread Comments and the Comments and th	ion dates for tions of nts	le drilling tax base	tive date in r certain	The frame agent	-12.6 -17.4 -13.4
	A Company of the Comp	V. Miscellaneous	Rapid amortization of	Retirement income credit election	Tax credit for providing home for aged dependents	Withholding on certain gambling winnings	Investment annuities	Extension of termination dates charitable contributions of conservation easements	Exclusion of intangible drilling costs from minimum tax base	Postponement of effective date in accounting rules for certain family farms	Total	Grand Total

ALESS than \$50 million.

**bwith withholding change applicable to wages paid after May 31, 1977; as passed by the House, with the withholding change applicable to wages paid after April 30, 1977, the House bill figures were \$1.8 billion for fiscal year 1977 and \$6.7 billion for fiscal year 1978.

CLESS than \$5 million.

This item is not included in the totals.

1

V

Ches than 55 million.

CROSS REFERENCE BETWEEN SENATE AMENDMENTS AND CONFERENCE COMPARISON

		CROSS REFEREN	CE BELWEEN SENATE AME	CROSS REFERENCE BEITWEEN SENATE AMENDMENTS AND CONFERENCE COMPARISON	OMPARISON	
Senate Amendment	7	Item	Conference	Senate Amendment	Item	Conference Comparison
The	follo		rage number	Number 73	Number and Description 18. Five-year amortization	Page Number
techn	ical,	Stantive Senate amendments. The technical, conforming and clerical				20
end o	f the	amenuments are instead on bloc at the end of the table:		4/	<pre>19. Retirement income credit election.</pre>	21
1A	i,	Refund of 1976 individual income taxes,	H	75	20. Tax credit for providing home for aged dependents.	22
	2	Special payments.	Н	92	21. Accrual accounting for certain farm corporations.	23
4, 5, 12, 15, 16	e	Standard deduction,		7.7	22. Tax liens on residences.	24
30-31	4,	Extension of 1975-77 individual income tax reduction,	4	78	23. Withholding on certain gambling winnings.	25
41	9	Withholding changes,	v	46	24. Canadian tax impact on United States broadcasters.	. 26
28	œ*	Increased investment credit or new jobs credit,	00	80	25. Termination of 1975 special payments to Social Security	y 27
09	6	Sick pay.	11		recipients.	77
61	10.	Exclusion from income earned abroad (sec. 911).	12	81	26. Payments to Governments of Virgin Islands, American Samoa, and Guam.	28
62-64	11.	Relief from interest, etc. attributable to the Tax Reform Act of 1976.	13	82	27. County income or employment tax withholding from Federal employees.	29
65	12.	Business use of residence for day care services.	4	83	28. Investment annuities,	30
99	13,		16	84	29. Certain Social Security Act Amendments,	31
29	14.	Minimum tax preference for intangible drilling costs.	18	82	30. Countercyclical revenue sharing.	33
889	15.	Charitable contributions of conservation easements.	18	The follor technical as	The following are clerical, conforming and technical amendments not described in the Conference Comparison: 1-3, 6-11, 13-14,	
70	16.	Studies on impact of bill by government agencies.	19	17-29, 32-4), 42-57, 59, 69 and 71.	
72	17.	Incressed authorization for the Work Incentive (WIN) Program.	19			38

Conference Comparison: 1-3, 6-11, 13-14, technical and the conference of the confere	Countercyclical revenue		, wold knows denominavel				Tex liens on residences.			
Sapasa Sapasa Sapasa								27.5		
			60							
	78									
					B dibero membero adol ven to				off the cold as bound over	
	int Righted Strilling costs, le	fevert 'erotsfe	12. Sustness day of residence 14.	Reform Not of 1876, 18x 18x 18 18x 18x 18x 18x 18x 18x 18x	dibets trembened ado				off the cold as bound over a someoness	